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TOWN OF PORT BARRE, LOUISIANA

Financial Report

Year Ended September 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **APR 02 2003**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1-2 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Management's Discussion and Analysis (unaudited) | 4-14 |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) | |
| Statement of net assets | 17 |
| Statement of activities | 18 |
| FUND FINANCIAL STATEMENTS (FFS) | |
| Balance sheet - governmental funds | 20 |
| Reconciliation of the governmental funds balance sheet to the statement of net assets | 21 |
| Statement of revenues, expenditures, and changes in fund balances- governmental funds | 22 |
| Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds | 23 |
| Comparative statement of net assets - proprietary fund | 24 |
| Comparative statement of revenues, expenses, and changes in fund net assets - proprietary fund | 25 |
| Comparative statement of cash flows - proprietary fund | 26-27 |
| Notes to basic financial statements | 28-48 |
| OTHER REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary comparison schedules: | |
| General Fund | 50 |
| 1966 Sales Tax Special Revenue Fund | 51 |
| 1996 Sales Tax Special Revenue Fund | 52 |

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| OTHER SUPPLEMENTARY INFORMATION | |
| OTHER FINANCIAL INFORMATION | |
| General Fund - budgetary comparison schedule - revenues | 55 |
| General Fund - budgetary comparison schedule- expenditures | 56-57 |
| 1996 Sales Tax Bonds and Certificates of Indebtedness Debt | |
| Service Fund - budgetary comparison schedule | 58 |
| Street Improvement Bond 01/01/87 Debt Service Fund - budgetary comparison schedule | 59 |
| Schedule of number of utility customers (unaudited) | 60 |
| Schedule of insurance in force (unaudited) | 61 |
| Combined schedule of interest-bearing deposits - all funds | 62 |
| Comparative departmental analysis of revenues and expenses | 63-64 |
| COMPLIANCE AND INTERNAL CONTROL | |
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 66-67 |
| Summary schedule of current and prior year audit findings and corrective action plan | 68 |

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INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

The Honorable John Fontenot, Mayor,
and Members of the Board of Aldermen
Town of Port Barre, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Port Barre, Louisiana, as of and for the year ended September 30, 2002, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Port Barre, Louisiana, as of September 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the Town of Port Barre adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments: Omnibus, Statement No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated January 9, 2003 on our consideration of the Town of Port Barre's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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The Management's Discussion and Analysis and the other required supplementary information on pages 4 through 14 and 49 through 52, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Port Barre's basic financial statements. The other supplementary information on pages 54 through 68 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Port Barre, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
January 9, 2003

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Unaudited)

Within this section of the Town of Port Barre, Louisiana (the Town) annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2002. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The Town's assets exceeded its liabilities by \$5,350,835 (net assets) for the fiscal year reported.

Total net assets are comprised of the following:

1. Capital assets, net of related debt, of \$4,284,184 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
2. Net assets of \$245,135 are restricted by constraints imposed from outside the Town such as debt covenants, grantors, laws, or regulations.
3. Unrestricted net assets of \$821,516 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.

The Town's governmental funds reported total ending fund balance of \$574,495 this year. This compares to the prior year ending fund balance of \$506,827 showing a moderate increase of \$67,668 during the current year. The General Fund total fund balance of \$152,547 for fiscal year 2002 shows a \$26,297 increase from the prior year.

At the end of the current fiscal year, the unreserved fund balance for the General Fund of \$152,547 represents 30.6% of total General Fund expenditures including transfers and 29.1% of total General Fund revenues including transfers.

Overall, the Town continues to maintain a strong financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2003.

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include the gas, water and sewer systems.

The government-wide financial statements are presented on pages 17 - 18 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 - 23 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The one Town proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization for gas, water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 24 - 27 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the two major special revenue funds. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 50 - 52 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (DOLLARS ARE IN THOUSANDS)

The Town implemented the new financial reporting model used in this report beginning with the current fiscal year ended September 30, 2002. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

The Town's net assets at fiscal year-end are \$ 5,350,835. The following table provides a summary of the Town's net assets:

Summary of Net Assets

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | <u>Percentage Total</u> |
|--|------------------------------------|-------------------------------------|---------------------|-----------------------------|
| Assets: | | | | |
| Current assets and other assets | \$ 596,370 | \$ 465,881 | \$ 1,062,251 | 15% |
| Restricted assets | - | 117,040 | 117,040 | 2% |
| Capital assets | <u>1,027,838</u> | <u>4,820,284</u> | <u>5,848,122</u> | <u>83%</u> |
| Total assets | <u>1,624,208</u> | <u>5,403,205</u> | <u>7,027,413</u> | <u>100%</u> |
| Liabilities: | | | | |
| Current liabilities | 102,710 | 38,711 | 141,421 | 8% |
| Long-term liabilities | <u>840,000</u> | <u>695,157</u> | <u>1,535,157</u> | <u>92%</u> |
| Total liabilities | <u>942,710</u> | <u>733,868</u> | <u>1,676,578</u> | <u>100%</u> |
| Net assets: | | | | |
| Investment in capital assets, net of debt | 127,838 | 4,156,346 | 4,284,184 | 80% |
| Restricted | 198,431 | 46,704 | 245,135 | 5% |
| Unrestricted | <u>355,229</u> | <u>466,287</u> | <u>821,516</u> | <u>15%</u> |
| Total net assets | <u>\$ 681,498</u> | <u>\$ 4,669,337</u> | <u>\$ 5,350,835</u> | <u>100%</u> |

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 5.81 to 1 and 12.03 to 1 for business type activities. For the Town overall, the current ratio is 7.51 to 1. These ratios are strong.

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$95,809 for governmental activities and by \$94,729 for business-type activities. The Town's overall financial position improved during fiscal year 2002.

Note that approximately 18.8% of the governmental activities' net assets are tied up in capital (with 81% of the capital assets being infrastructure). The Town uses these capital assets to provide services to its citizens. However, with business type activities, the Town has spent approximately 86.9% of its net assets on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 80.1% of the Town's total net assets are included in capital assets.

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Town's changes in net assets:

Summary of Changes in Net Assets

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | <u>Percentage or Total</u> |
|----------------------------|------------------------------------|-------------------------------------|---------------------|--------------------------------|
| Revenues: | | | | |
| Program: | | | | |
| Charges for services/fines | \$ 238,030 | \$ 670,940 | \$ 908,970 | 57% |
| Operating grants | 33,080 | - | 33,080 | 2% |
| Capital grants | 7,790 | 78,137 | 85,927 | 5% |
| General: | | | | |
| Sales taxes | 335,856 | - | 335,856 | 21% |
| Other taxes | 134,666 | - | 134,666 | 8% |
| Unrestricted grants | 32,780 | - | 32,780 | 2% |
| Interest | 2,043 | 3,897 | 5,940 | 0% |
| Other | 63,291 | - | 63,291 | 4% |
| Total Revenues | <u>847,536</u> | <u>752,974</u> | <u>1,600,510</u> | <u>100%</u> |
| Program expenses: | | | | |
| General government | 134,625 | - | 134,625 | 10% |
| Public safety: | | | - | |
| Police | 384,399 | - | 384,399 | 27% |
| Streets | 149,680 | - | 149,680 | 11% |
| Culture and recreation | 9,310 | - | 9,310 | 1% |
| Interest | 55,625 | - | 55,625 | 4% |
| Gas, water and sewer | - | 676,333 | 676,333 | 48% |
| Total expenses | <u>\$ 733,639</u> | <u>\$ 676,333</u> | <u>\$ 1,409,972</u> | <u>100%</u> |
| Excess (deficiency) | 113,897 | 76,641 | 190,538 | |
| Transfers | <u>(18,088)</u> | <u>18,088</u> | <u>-</u> | |
| Change in net assets | 95,809 | 94,729 | 190,538 | |
| Beginning net assets | <u>585,689</u> | <u>4,574,608</u> | <u>5,160,297</u> | |
| Ending net assets | <u>\$ 681,498</u> | <u>\$ 4,669,337</u> | <u>\$ 5,350,835</u> | |

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes provided 21% of the Town's total revenues. Sales taxes equal 40% of the revenues for governmental activities. Also note that program revenues represent 33% of governmental operating expenses. The remaining 27% of governmental revenues is generated from other general revenues. As a result, the general economy and the local businesses have a major impact on the Town's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Police services comprise 27% of the Town's total expenses and 52% of the total governmental expenses. The street expenses are 11% of total Town expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

Governmental Activities

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|----------------------------|-----------------------------------|---------------------------------|
| General government | \$ 134,625 | \$ 80,090 |
| Public safety: | | |
| Police | 384,399 | 160,034 |
| Streets | 149,680 | 149,680 |
| Culture and recreation | 9,310 | 9,310 |
| Interest on long-term debt | <u>55,625</u> | <u>55,625</u> |
| Total | <u>\$ 733,639</u> | <u>\$ 454,739</u> |

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 8% less than 2001 and operating expenses 23% less than 2001. Within the total business type activities of the Town, these activities reported a \$27,619 operating income compared to an operating loss of \$107,924 for the prior year.

The revenue for both the water and sewer departments was consistent with the prior year. However, revenue from natural gas sales was approximately 17% less than 2001. In fact, the actual volume of natural gas the Town sold was 15.8% less than the prior year. Also, the gas loss percentage for 2002 was 21.2% as compared to a 17.7% loss for 2001.

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

The total loss from providing utility services was \$1,496 in fiscal year 2002 and \$133,073 in fiscal year 2001. The decrease in the loss is mainly attributable to the gas department. The prior year had a loss of \$52,758, while gas operations for the current year generated a profit of \$50,175. This was mainly due to the lower cost of natural gas purchases. The net profit on gas (user charges less natural gas purchased) was \$152,259 for 2002 and \$54,600 for 2001. This is a increase of \$97,659. Also, effective March 1, 2001, The Town implemented a gas rate fuel adjustment surcharge to increase the gas utility rates. The current year realized the effect of one full year of this increase, while the prior year realized only a seven- month increase.

After contributions and transfers in and out, the fund reported an increase in net assets of \$94,729, which is comparable the prior year increase of \$95,056. By department, the fund reported the following operating income or loss:

| | |
|------------------|-----------|
| Gas department | \$ 50,175 |
| Water department | 18,421 |
| Sewer department | (40,977) |

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$574,495. Of this year-end total, \$355,229 is *unreserved indicating availability for continuing* Town service requirements. Legally restricted fund balances (i.e., the reserved fund balances) of \$219,266 are committed to debt service.

The total ending fund balances of governmental funds show an increase of \$67,668 or 13.4% over the prior year. This increase is primarily the result of the events and programs described within the analysis of the Town's governmental activities.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$26,297. In fiscal year 2001, the fund balance increased \$7,938. Key factors contributing to this change were revenues modestly in excess of projections and continued efforts to control operating costs.

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

General Fund revenues were very comparable with the prior year. The current year revenues of \$484,078 were 14,251 or 3% higher than 2001. Although taxes were approximately 9,000 lower than the prior year, there was a corresponding increase of \$9,000 in licenses and permits. The total increase in revenues of approximately \$14,000 is mainly attributable to a rebate from prior year overpayments of unemployment taxes. The expenditures side shows a decrease of \$22,839 or 4.5% less than the prior year. This decrease related primarily to lower insurance and maintenance expenditures in the police department and less park expenditures in 2002 as compared to 2001.

The General Fund's ending fund balance of \$152,547 is considered adequate, representing the equivalent of 31.3% of annual expenditures.

The two sales tax funds continue to accumulate adequate fund balances, mostly attributable to a 10.7% increase in sales tax revenues.

THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

BUDGETARY HIGHLIGHTS

The General Fund - The General Fund's original revenue budget was approximately \$50,000 lower than the final amended budget mainly due to an original conservative estimate of fines and forfeits and due to the unexpected receipt of the unemployment tax rebate. The original expenditure budget was very comparable with the final budget, with only a \$7,495 difference. The actual revenues were \$12,473, or 2.6% higher than the final budget mainly due to collection of more franchise taxes, video poker receipts, and state grants. The expenditures were \$8,579, or 1.7% lower than the final budget.

The Sales Tax Funds - The actual sales taxes revenues in the sales tax funds of \$335,856 exceeded the final budget by \$3,806 or 1.1%. Budget amendments in the amount of \$58,050 were necessary in order to *adjust for conservative original sales tax revenue estimation.*

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2002, was \$1,027,838 and \$4,820,283 respectively. The total decrease in this net investment was 3.1% for governmental and .7% for business-type activities. The overall decrease was 1.1% for the Town as a whole. See Note 9 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

| | Capital Assets | | | | | |
|------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | Governmental Activities | | Buisness-type Activities | | Total | |
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 86,425 | \$ 86,425 | \$ 15,292 | \$ 15,292 | \$ 101,717 | \$ 101,717 |
| Construction in progress | - | - | - | 948,402 | - | 948,402 |
| Total non-depreciable | 86,425 | 86,425 | 15,292 | 963,694 | 101,717 | 1,050,119 |
| Depreciable assets: | | | | | | |
| Buildings | 1,113,391 | 1,113,391 | - | - | 1,113,391 | 1,113,391 |
| Equipment, furniture, and fixtures | 157,463 | 138,190 | - | - | 157,463 | 138,190 |
| Utility sytems | - | - | 6,802,159 | 5,765,790 | 6,802,159 | 5,765,790 |
| Infrastructure | 721,749 | 721,749 | - | - | 721,749 | 721,749 |
| Total depreciable assets | 1,992,603 | 1,973,330 | 6,802,159 | 5,765,790 | 8,794,762 | 7,739,120 |
| Less accumulated depreciation | 1,051,190 | 998,507 | 1,997,168 | 1,875,137 | 3,048,358 | 2,873,644 |
| Book value-depreciable assets | \$ 941,413 | \$ 974,823 | \$ 4,804,991 | \$ 3,890,653 | \$ 5,746,404 | \$ 4,865,476 |
| Percentage depreciated | <u>53%</u> | <u>51%</u> | <u>29%</u> | <u>33%</u> | <u>35%</u> | <u>37%</u> |
| Book value-all assets | <u>\$ 1,027,838</u> | <u>\$ 1,061,248</u> | <u>\$ 4,820,283</u> | <u>\$ 4,854,347</u> | <u>\$ 5,848,121</u> | <u>\$ 5,915,595</u> |

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

At September 30, 2002, the depreciable capital assets for governmental activities were 53% depreciated. This compares to the September 30, 2001 percentage of 51%. This comparison indicates that the Town is replacing its assets at approximately the same rate as they are depreciating which is a positive indicator.

The increases in equipment relate primarily to:

| | |
|---|------------------|
| Four police vehicles | \$ 13,560 |
| Various equipment for police department | 9,905 |
| Playground equipment | 3,115 |
| | <u>\$ 26,580</u> |

With the Town's business type activities, 29% of the asset values were depreciated at September 30, 2002 compared to 33% at September 30, 2001. The three major components of those assets values are as follows:

| | Business-type Activities <u>Depreciable Capital Assets</u> | | |
|-------------------------------|---|-------------------|---------------------|
| | Gas | Water | Sewer |
| Cost | \$ 789,697 | \$ 1,172,912 | \$ 4,747,196 |
| Less accumulated depreciation | <u>475,211</u> | <u>514,092</u> | <u>927,512</u> |
| Book value | <u>\$ 314,486</u> | <u>\$ 658,820</u> | <u>\$ 3,819,684</u> |
| Percentage depreciated | <u>60%</u> | <u>44%</u> | <u>20%</u> |

Long-term debt (dollars are in thousands)

At the end of the fiscal year, the Town had total bonded debt outstanding of \$1,602,006. Of this amount, \$900,000 is backed by the full faith and credit of the Town (general obligation bonds) with debt service fully funded by voter-approved ad valorem and sales taxes. The other major component is \$702,006 supported by pledged revenues generated primarily by the business-type activities of the Town (revenue bonds).

TOWN OF PORT BARRE, LOUISIANA

Management's Discussion and Analysis (Uaudited) (Continued)

During the year, the Town retired \$79,955 or 4.8% of the beginning outstanding bonded debt balance.

| | Governmental Activities | | Business-type Activities | | Totals | | Percentage Change |
|--------------------------|----------------------------|-------------------|-----------------------------|------------------|--------------------|--------------------|----------------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 | |
| General obligation bonds | \$ 900,000 | \$ 960,000 | \$ - | \$ - | \$ 900,000 | \$ 960,000 | -6.25% |
| Revenue bonds | - | - | 702,006 | 721,961 | 702,006 | 721,961 | -2.76% |
| Total | <u>\$ 900,000</u> | <u>\$ 960,000</u> | <u>\$702,006</u> | <u>\$721,961</u> | <u>\$1,602,006</u> | <u>\$1,681,961</u> | <u>-4.75%</u> |

See Note 11 for additional information about the Town's long-term debt.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's Mayor, John Fontenot at Post Office Box 219, Port Barre, LA 70577.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF PORT BARRE, LOUISIANA

Statement of Net Assets
September 30, 2002

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|--------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and interest-bearing deposits | \$ 553,681 | \$ 378,175 | \$ 931,856 |
| Receivables, net | 33,475 | 69,025 | 102,500 |
| Internal balances | (18,681) | 18,681 | - |
| Due from other governmental units | 9,214 | - | 9,214 |
| Total current assets | <u>577,689</u> | <u>465,881</u> | <u>1,043,570</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and interest-bearing deposits | - | 117,040 | 117,040 |
| Capital assets: | | | |
| Land and construction in progress | 86,425 | 15,292 | 101,717 |
| Capital assets, net | <u>941,413</u> | <u>4,804,992</u> | <u>5,746,405</u> |
| Total noncurrent assets | <u>1,027,838</u> | <u>4,937,324</u> | <u>5,965,162</u> |
| Total assets | <u>1,605,527</u> | <u>5,403,205</u> | <u>7,008,732</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts, salaries and other payables | 3,194 | 14,886 | 18,080 |
| Revenue bonds | 60,000 | 20,275 | 80,275 |
| Accrued interest | <u>20,835</u> | <u>3,550</u> | <u>24,385</u> |
| Total current liabilities | <u>84,029</u> | <u>38,711</u> | <u>122,740</u> |
| Noncurrent liabilities: | | | |
| Customers' deposits | - | 46,511 | 46,511 |
| Bonds and certificates payable | <u>840,000</u> | <u>648,646</u> | <u>1,488,646</u> |
| Total noncurrent liabilities | <u>840,000</u> | <u>695,157</u> | <u>1,535,157</u> |
| Total liabilities | <u>924,029</u> | <u>733,868</u> | <u>1,657,897</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 127,838 | 4,156,346 | 4,284,184 |
| Restricted for debt service | 198,431 | 46,704 | 245,135 |
| Unrestricted | <u>355,229</u> | <u>466,287</u> | <u>821,516</u> |
| Total net assets | <u>\$ 681,498</u> | <u>\$4,669,337</u> | <u>\$5,350,835</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Statement of Activities
For the Year Ended September 30, 2002

| | Program Revenues | | | Net (Expense) Revenues and Changes in Net Assets | | | |
|--|------------------|--|--|---|----------------------------|--------------|--------------|
| | Expenses | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Business-Type | | Total |
| | | | | | Governmental Activities | Activities | |
| Governmental activities: | | | | | | | |
| General government | \$ 134,625 | \$ 54,535 | \$ - | \$ - | \$ (80,090) | \$ - | \$ (80,090) |
| Public safety: | | | | | | | |
| Police | 384,399 | 183,495 | 33,080 | 7,790 | (160,034) | - | (160,034) |
| Streets | 149,680 | - | - | - | (149,680) | - | (149,680) |
| Culture and recreation | 9,310 | - | - | - | (9,310) | - | (9,310) |
| Interest and fiscal charges | 55,625 | - | - | - | (55,625) | - | (55,625) |
| Total governmental activities | 733,639 | 238,030 | 33,080 | 7,790 | (454,739) | - | (454,739) |
| Business-type activities: | | | | | | | |
| Gas, water, and sewer | 676,333 | 670,940 | - | 78,137 | - | 72,744 | 72,744 |
| Total | \$ 1,409,972 | \$ 908,970 | \$ 33,080 | \$ 85,927 | (454,739) | 72,744 | (381,995) |
| General revenues: | | | | | | | |
| Taxes - | | | | | | | |
| Property taxes, levied for general purposes | | | | | 62,108 | - | 62,108 |
| Sales and use taxes, levied for general purposes | | | | | 335,856 | - | 335,856 |
| Franchise taxes | | | | | 72,558 | - | 72,558 |
| Grants and contributions not restricted to specific programs - | | | | | | | |
| Local sources | | | | | 1,767 | - | 1,767 |
| State sources | | | | | 31,013 | - | 31,013 |
| Interest and investment earnings | | | | | 2,043 | 3,897 | 5,940 |
| Miscellaneous | | | | | 63,291 | - | 63,291 |
| Transfers | | | | | (18,088) | 18,088 | - |
| Total general revenues and transfers | | | | | 550,548 | 21,985 | 572,533 |
| Change in net assets | | | | | | | |
| Net assets - October 1, 2001 | | | | | 95,809 | 94,729 | 190,538 |
| Net assets - September 30, 2002 | | | | | 585,689 | 4,574,608 | 5,160,297 |
| | | | | | \$ 681,498 | \$ 4,669,337 | \$ 5,350,835 |

The accompanying notes are an integral part of the basic financial statements

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF PORT BARRE, LOUISIANA

Balance Sheet
Governmental Funds
September 30, 2002

| | | 1966 | 1996 | 1996 Sales | | |
|--------------------------------------|-------------------|-----------------|-------------------|---------------------|-----------------|-------------------|
| | | Sales Tax | Sales Tax | Tax Bonds and | Street | Total |
| | | Special | Special | Certificates of | Improvement | Governmental |
| | | Revenue | Revenue | Indebtedness | Bonds | Funds |
| | <u>General</u> | <u>Revenue</u> | <u>Revenue</u> | <u>Debt Service</u> | <u>01/01/87</u> | |
| ASSETS | | | | | | |
| Cash and interest-bearing deposits | \$ 125,586 | \$97,038 | \$ 118,515 | \$ 131,840 | \$80,702 | \$ 553,681 |
| Receivables: | | | | | | |
| Taxes | 22,721 | - | - | - | 164 | 22,885 |
| Other | 10,590 | - | - | - | - | 10,590 |
| Due from other funds | 10,195 | 762 | 29,873 | 3,000 | 3,560 | 47,390 |
| Due from other governmental units | 9,214 | - | - | - | - | 9,214 |
| Total assets | <u>\$ 178,306</u> | <u>\$97,800</u> | <u>\$ 148,388</u> | <u>\$ 134,840</u> | <u>\$84,426</u> | <u>\$ 643,760</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 1,854 | \$ 438 | \$ - | \$ - | \$ - | \$ 2,292 |
| Accrued liabilities | 902 | - | - | - | - | 902 |
| Due to other funds | 23,003 | 40,068 | 3,000 | - | - | 66,071 |
| Total liabilities | <u>25,759</u> | <u>40,506</u> | <u>3,000</u> | <u>-</u> | <u>-</u> | <u>69,265</u> |
| Fund balances - | | | | | | |
| Reserved for debt service | - | - | - | 134,840 | 84,426 | 219,266 |
| Unreserved | 152,547 | 57,294 | 145,388 | - | - | 355,229 |
| Total fund balances | <u>152,547</u> | <u>57,294</u> | <u>145,388</u> | <u>134,840</u> | <u>84,426</u> | <u>574,495</u> |
| Total liabilities and fund balances | <u>\$ 178,306</u> | <u>\$97,800</u> | <u>\$ 148,388</u> | <u>\$ 134,840</u> | <u>\$84,426</u> | <u>\$ 643,760</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2002

| | | |
|--|-----------------|-------------------|
| Total fund balances for governmental funds at September 30, 2002 | | \$ 574,495 |
| Total net assets reported for governmental activities in the statement of net assets is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land | \$ 86,425 | |
| Buildings, net of \$539,378 accumulated depreciation | 574,013 | |
| Infrastructure, net of \$409,448 accumulated depreciation | 312,301 | |
| Equipment net of \$102,364 accumulated depreciation | <u>55,099</u> | 1,027,838 |
| Long-term liabilities at September 30, 2002 | | |
| Bonds payable at September 30, 2002 | (900,000) | |
| Accrued interest | <u>(20,835)</u> | <u>(920,835)</u> |
| Total net assets of governmental activities at September 30, 2002 | | <u>\$ 681,498</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-

Governmental Funds

For the Year Ended September 30, 2002

| | 1966 | | 1996 | | 1996 Sales | | |
|--|------------------|---------------------------------|---------------------------------|---------------------------------|--|--|------------------|
| | General | Sales Tax Special Revenue | Sales Tax Special Revenue | Sales Tax Special Revenue | Tax Bonds and Certificates of Indebtedness Debt Service | Street Improvement Bonds 01/01/87 | Total |
| Revenues: | | | | | | | |
| Taxes | \$109,107 | \$151,135 | \$184,721 | \$ | - | \$ 25,559 | \$470,522 |
| Licenses and permits | 54,535 | - | - | - | - | - | 54,535 |
| Intergovernmental | 73,650 | - | - | - | - | - | 73,650 |
| Fines and forfeits | 183,495 | - | - | - | - | - | 183,495 |
| Miscellaneous | 63,291 | - | 912 | - | 1,100 | 31 | 65,334 |
| Total revenues | <u>484,078</u> | <u>151,135</u> | <u>185,633</u> | <u>185,633</u> | <u>1,100</u> | <u>25,590</u> | <u>847,536</u> |
| Expenditures: | | | | | | | |
| Current - | | | | | | | |
| General government | 86,194 | 7,629 | 7,622 | - | - | - | 101,445 |
| Public safety: | | | | | | | |
| Police | 374,098 | - | - | - | - | - | 374,098 |
| Highways and streets | - | 134,427 | - | - | - | - | 134,427 |
| Culture and recreation | 3,829 | 4,225 | - | - | - | - | 8,054 |
| Debt service - | | | | | | | |
| Principal | - | - | - | - | 55,000 | 5,000 | 60,000 |
| Interest and fiscal charges | - | - | - | - | 51,941 | 5,235 | 57,176 |
| Capital outlay | 23,465 | 3,115 | - | - | - | - | 26,580 |
| Total expenditures | <u>487,586</u> | <u>149,396</u> | <u>7,622</u> | <u>7,622</u> | <u>106,941</u> | <u>10,235</u> | <u>761,780</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,508)</u> | <u>1,739</u> | <u>178,011</u> | <u>178,011</u> | <u>(105,841)</u> | <u>15,355</u> | <u>85,756</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 40,000 | 60,195 | - | - | 107,837 | - | 208,032 |
| Transfers out | (10,195) | (50,000) | (165,925) | (165,925) | - | - | (226,120) |
| Total other financing sources (uses) | <u>29,805</u> | <u>10,195</u> | <u>(165,925)</u> | <u>(165,925)</u> | <u>107,837</u> | <u>-</u> | <u>(18,088)</u> |
| Net changes in fund balances | 26,297 | 11,934 | 12,086 | 12,086 | 1,996 | 15,355 | 67,668 |
| Fund balances beginning | 126,250 | 45,360 | 133,302 | 133,302 | 132,844 | 69,071 | 506,827 |
| Fund balances, ending | <u>\$152,547</u> | <u>\$ 57,294</u> | <u>\$145,388</u> | <u>\$145,388</u> | <u>\$134,840</u> | <u>\$ 84,426</u> | <u>\$574,495</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2002

Total net changes in fund balances at September 30, 2002 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 67,668

The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

| | | |
|--|-----------------|----------|
| Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances | \$ 26,580 | |
| Depreciation expense for the year ended September 30, 2002 | <u>(59,990)</u> | (33,410) |

Governmental funds report bonded debt repayments as expenditures.
However, this expenditure does not appear in the statement of activities
since the payment is applied against the bond payable on the statement
of net assets

60,000

Difference between interest on long-term debt on modified accrual basis
versus interest on long-term debt on accrual basis

1,551

Total changes in net assets at September 30, 2002 per Statement of Activities \$ 95,809

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Comparative Statement of Net Assets
Proprietary Fund
September 30, 2002 and 2001

| | <u>2002</u> | <u>2001</u> |
|---|--------------------|--------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 193,945 | \$ 10,764 |
| Interest-bearing deposits, at cost | 184,230 | 214,532 |
| Receivables: | | |
| Accounts receivable | 69,025 | 70,348 |
| Due from other funds | 18,681 | 65,307 |
| Due from other governmental agencies | - | 136,631 |
| Total current assets | <u>465,881</u> | <u>497,582</u> |
| Noncurrent assets: | | |
| Restricted assets - | | |
| Cash | 79,956 | 75,187 |
| Interest -bearing deposits, at cost | 37,084 | 36,134 |
| Capital assets: | | |
| Land and construction in progress | 15,292 | 963,694 |
| Other capital assets, net of accumulated depreciation | <u>4,804,992</u> | <u>3,890,653</u> |
| Total noncurrent assets | <u>4,937,324</u> | <u>4,965,668</u> |
| Total assets | <u>5,403,205</u> | <u>5,463,250</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 13,747 | 15,815 |
| Contracts payable | - | 94,851 |
| Retainage payable | - | 41,780 |
| Other liabilities | 1,139 | 1,285 |
| Due to other funds | - | 126 |
| Payable from restricted assets - | | |
| Revenue bonds | 20,275 | 19,955 |
| Accrued interest | 3,550 | 3,800 |
| Customers' deposits | <u>46,511</u> | <u>43,960</u> |
| Total current liabilities | 85,222 | 221,572 |
| Noncurrent liabilities: | | |
| Revenue bonds and notes payable | <u>648,646</u> | <u>667,070</u> |
| Total liabilities | <u>733,868</u> | <u>888,642</u> |
| NET ASSETS | | |
| Restricted for debt service | 46,704 | 43,606 |
| Unrestricted | <u>4,622,633</u> | <u>4,531,002</u> |
| Total net assets | <u>\$4,669,337</u> | <u>\$4,574,608</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund For the Years Ended September 30, 2002 and 2001

| | <u>2002</u> | <u>2001</u> |
|---|---------------------|---------------------|
| Operating revenues: | | |
| Charges for services - | | |
| Gas charges | \$ 241,090 | \$ 292,846 |
| Water sales | 202,090 | 200,724 |
| Sewer service charges | 206,488 | 212,334 |
| Connection charges | 5,250 | 3,640 |
| Miscellaneous | 16,022 | 17,725 |
| Total operating revenues | <u>670,940</u> | <u>727,269</u> |
| Operating expenses: | | |
| Gas department | 196,995 | 351,252 |
| Water department | 193,583 | 207,545 |
| Sewerage department | 252,743 | 276,396 |
| Total operating expenses | <u>643,321</u> | <u>835,193</u> |
| Operating income (loss) | <u>27,619</u> | <u>(107,924)</u> |
| Nonoperating revenues (expenses): | | |
| Gain on disposal of asset | - | 700 |
| Interest income | 3,897 | 8,196 |
| Interest expense | (33,012) | (34,045) |
| Total nonoperating revenues (expenses) | <u>(29,115)</u> | <u>(25,149)</u> |
| Loss before contributions and transfers | <u>(1,496)</u> | <u>(133,073)</u> |
| Capital contributions | <u>78,137</u> | <u>216,665</u> |
| Transfers in (out): | | |
| Transfers in | 58,088 | 62,250 |
| Transfers out | (40,000) | (50,786) |
| Total transfers in (out) | <u>18,088</u> | <u>11,464</u> |
| Change in net assets | 94,729 | 95,056 |
| Net assets, beginning | <u>4,574,608</u> | <u>4,479,552</u> |
| Net assets, ending | <u>\$ 4,669,337</u> | <u>\$ 4,574,608</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Fund
For the Years Ended September 30, 2002 and 2001

| | <u>2002</u> | <u>2001</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 684,869 | \$ 718,485 |
| Payments to suppliers | (442,577) | (650,537) |
| Payments to employees | (108,425) | (119,416) |
| Other receipts | 16,022 | 17,725 |
| Net cash provided (used) by operating activities | <u>149,889</u> | <u>(33,743)</u> |
| Cash flows from noncapital financing activities: | | |
| Cash received from other funds | 46,500 | - |
| Cash paid to other funds | - | (7,277) |
| Operating transfers from other funds | 58,088 | 62,250 |
| Operating transfers to other funds | (40,000) | (50,786) |
| Net cash provided by noncapital financing activities | <u>64,588</u> | <u>4,187</u> |
| Cash flows from capital and related financing activities: | | |
| Principal paid on revenue bond maturities | (19,955) | (15,650) |
| Interest and fiscal charges paid on revenue bonds | (32,542) | (33,397) |
| Proceeds from meter deposits | 2,551 | 11,375 |
| Refund of meter deposits | - | (9,437) |
| Acquisition of property, plant and equipment | (87,967) | (242,262) |
| Proceeds from state grant | 18,750 | - |
| Proceeds from federal grant | 59,387 | 216,665 |
| Net cash used by capital and related financing activities | <u>(59,776)</u> | <u>(72,706)</u> |
| Cash flows from investing activities: | | |
| Purchase of interest-bearing deposits | (131,968) | (20,812) |
| Maturities of interest-bearing deposits | 20,812 | 19,753 |
| Interest on investments | 3,897 | 8,196 |
| Net cash provided by investing activities | <u>(107,259)</u> | <u>7,137</u> |
| Net increase (decrease) in cash and cash equivalents | 47,442 | (95,125) |
| Cash and cash equivalents, beginning of period | <u>315,805</u> | <u>410,930</u> |
| Cash and cash equivalents, end of period | <u>\$ 363,247</u> | <u>\$ 315,805</u> |

(continued)

TOWN OF PORT BARRE, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Fund - (Continued)
For the Years Ended September 30, 2002 and 2001

| | <u>2002</u> | <u>2001</u> |
|---|-------------------|--------------------|
| Reconciliation of operating loss to net cash used by operating activities: | | |
| Operating income (loss) | \$ 27,619 | \$ (107,924) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Increase (decrease) in provision for uncollectible accounts | (1,482) | 7,575 |
| Depreciation | 122,031 | 120,861 |
| Gain on sale of asset | - | 700 |
| Amortization of bond issue costs | 1,130 | 1,130 |
| Changes in current assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 2,805 | (14,588) |
| Decrease in accounts payable | (2,068) | (41,801) |
| Increase (decrease) in other liabilities | (146) | 304 |
| Net cash provided (used) by operating activities | <u>\$ 149,889</u> | <u>\$ (33,743)</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet: | | |
| Cash and cash equivalents, beginning of period - | | |
| Cash - unrestricted | 10,764 | \$ 120,124 |
| Interest-bearing deposits - unrestricted | 214,532 | 207,807 |
| Cash - restricted | 75,187 | 68,113 |
| Interest-bearing deposits - restricted | 36,134 | 34,639 |
| Less: Interest-bearing deposits with a maturity over three months | (20,812) | (19,753) |
| Total cash and cash equivalents | <u>315,805</u> | <u>410,930</u> |
| Cash and cash equivalents, end of period - | | |
| Cash - unrestricted | 193,945 | 10,764 |
| Interest-bearing deposits - unrestricted | 184,230 | 214,532 |
| Cash - restricted | 79,956 | 75,187 |
| Interest-bearing deposits - restricted | 37,084 | 36,134 |
| Less: Interest-bearing deposits with a maturity over three months | (131,968) | (20,812) |
| Total cash and cash equivalents | <u>363,247</u> | <u>315,805</u> |
| Net increase (decrease) | <u>\$ 47,442</u> | <u>\$ (95,125)</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Port Barre (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A Financial Reporting Entity

The Town of Port Barre was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

There are no component units over which the Town exercises significant influence.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All funds of the Town are considered to be major funds and are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

Special Revenue Funds

1966 Sales Tax Fund -

The 1966 Sales Tax Fund is used to account for the receipt and use of sales and use tax that is legally restricted to expenditures for specific purposes.

1999 Sales Tax Fund -

The 1999 Sales Tax Fund is used to account for the proceeds of a half percent sales and use tax that is legally restricted to expenditures for specific purposes.

Debt Service Funds

1996 Sales Tax Bonds and Certificates of Indebtedness Debt Service Fund -

This fund is used to accumulate monies for payment of \$200,000 Certificates of Indebtedness and \$900,000 Sales Tax Bonds. Debt service is financed from a 1.2% sales and use tax.

Street Improvement Bonds 01/01/87 -

This fund is used to accumulate monies for payment of the \$125,000 Public Improvement serial bonds. Debt service is financed by specified ad valorem tax.

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Port Barre's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at September 30, 2002. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to October 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|---------------------------------|-------------|
| Buildings | 40 years |
| Equipment | 5-15 years |
| Utility system and improvements | 4-50 years |
| Infrastructure | 20-40 years |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the accounts as of September 30, 2002.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|-------------------------|-------------------------------------|
| Sales Tax | See Note 4 |
| Water and Sewer Revenue | Debt Service and Utility Operations |

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

H. Capitalization of Interest Expense

It is the policy of the Town of Port Barre to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At September 30, 2002, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

I. Bond Discount and Bond Issue Costs

Bond discount and bond issue costs are being amortized by the straight-line method over the life of the related bond.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

(2) Change in Accounting Principle

For the year ended September 30, 2002, the Town has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Town’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Town also implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, Statement No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at September 30, 2001 to be restated in terms of “net assets” as follows:

| | | |
|--|------------------|-------------------|
| Total fund balances - Governmental Funds - at September 30, 2001 | | \$ 506,827 |
| Add: Cost of capital assets at September 30, 2001 | \$2,059,755 | |
| Less: Accumulated depreciation at September 30, 2001 | <u>(998,507)</u> | 1,061,248 |
| Less: Bonds payable at September 30, 2001 | \$ (960,000) | |
| Accrued interest payable at September 30, 2001 | <u>(22,386)</u> | <u>(982,386)</u> |
| Net assets at September 30, 2001 | | <u>\$ 585,689</u> |

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Landry Parish. Town property tax revenues are budgeted in the year billed.

For the year ended September 30, 2002, taxes of 12.25 mills were levied on property with assessed valuations totaling \$4,786,140 and were dedicated as follows:

| | |
|----------------------------|------------|
| General corporate purposes | 7.12 mills |
| Debt service | 5.13 mills |

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

Total taxes levied were \$58,630. Taxes receivable (including interest and penalties receivable) at September 30, 2001 consisted of the following:

| | |
|------------------------------|---------------|
| Total receivable | \$ 8,394 |
| Allowance for uncollectibles | <u>8,003</u> |
| Net receivable | <u>\$ 391</u> |

(4) Dedication and Restriction of Proceeds and Flow of Funds - Sales and Use Taxes

The Town levies two sales taxes as follows:

- A. Proceeds of a 1966 1% sales and use tax levied by the Town of Port Barre (2002 collections \$151,135; 2001 136,391) is dedicated for constructing, acquiring, extending, improving and/or maintaining drainage facilities, sewers and sewerage disposal works, streets, sidewalks, waterworks, and garbage collection and disposal facilities of the Town, including the purchase of equipment therefor.

Under the terms of the bond resolution, the proceeds of the special 1% sales and use tax are deposited with the Town's fiscal agent bank in a sales tax fund. After the payment of all reasonable and necessary costs and expenses of collecting the tax, \$1,000 is retained in the sales tax fund for operating expenses.

Any monies remaining in the sales tax fund on the 20th day of each month in excess of the \$1,000 are to be retained for operating capital shall be considered as surplus. The Town may use such surplus for any of the purposes for which the imposition of the tax is authorized.

- B. Proceeds of a 1996 1.2% sales and use tax levied by the Town of Port Barre (2002 collections \$184,721; 2001 \$167,055) is dedicated for constructing, maintaining and improving public streets.

Under the terms of the bond resolution, each month, there will be set aside into an account called the "Sales Tax Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments. There shall also be set aside into a "Sales Tax Bond Reserve Fund" an initial deposit of \$79,425, thus accumulating in the reserve account an amount equal to the lesser of the highest combined principal and interest requirements in any succeeding fiscal year. Such amounts may be used only for the payment of maturing bonds and interest on the aforesaid bonds for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

(5) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2002, the Town had cash and interest-bearing deposits (book balances) totaling \$1,048,896 as follows:

| | |
|-----------------------|---------------------|
| Demand deposits | \$ 591,839 |
| Money market accounts | 103,551 |
| Time deposits | <u>353,506</u> |
| Total | <u>\$ 1,048,896</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at September 30, 2002 were secured as follows:

| | |
|---|--------------------|
| Bank balances | <u>\$1,083,114</u> |
| Federal deposit insurance | \$ 500,000 |
| Pledged securities (Category 3) | <u>583,114</u> |
| Total FDIC insurance and pledged securities | <u>\$1,083,114</u> |

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

(6) Receivables

Receivables at September 30, 2002 of \$102,500 consist of the following:

| | General | Street Improvement Bonds 01/01/87 | Utility | Total |
|------------------|------------------|--|------------------|-------------------|
| Accounts | \$ - | \$ - | \$ 69,025 | \$ 69,025 |
| Taxes: | | | | |
| Ad valorem taxes | 227 | 164 | - | 391 |
| Sales taxes | - | - | - | - |
| Franchise taxes | 22,494 | - | - | 22,494 |
| Other (rent) | 10,590 | - | - | 10,590 |
| Totals | <u>\$ 33,311</u> | <u>\$ 164</u> | <u>\$ 69,025</u> | <u>\$ 102,500</u> |

(7) Due from Other Governmental Units

Amounts due from other governmental units at September 30, 2002 consisted of the following:

General Fund:

Amount due from the State of Louisiana for COPS grant earned during fiscal year ending September 30, 2002 \$ 7,520

Amount due from the State of Louisiana for video poker revenue earned during fiscal year ending September 30, 2002 1,694

\$ 9,214

(8) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at September 30, 2002:

| | |
|---|-------------------|
| Revenue bond and interest sinking account | \$ 19,892 |
| Revenue bond reserve account | 18,344 |
| Revenue bond contingency account | 32,293 |
| Customers' deposits | <u>46,511</u> |
| Total restricted assets | <u>\$ 117,040</u> |

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended September 30, 2002 was as follows:

| | Balance 10/01/01 | Additions | Deletions | Balance 09/30/02 |
|--|---------------------|--------------------|--------------------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 86,425 | \$ - | \$ - | \$ 86,425 |
| Other capital assets: | | | | |
| Buildings | 1,113,391 | - | - | 1,113,391 |
| Infrastructure | 721,749 | - | - | 721,749 |
| Equipment | 138,190 | 26,580 | 7,307 | 157,463 |
| Totals | <u>2,059,755</u> | <u>26,580</u> | <u>7,307</u> | <u>2,079,028</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 511,543 | 27,835 | - | 539,378 |
| Infrastructure | 391,693 | 17,755 | - | 409,448 |
| Equipment | 95,271 | 14,400 | 7,307 | 102,364 |
| Total accumulated depreciation | <u>998,507</u> | <u>59,990</u> | <u>7,307</u> | <u>1,051,190</u> |
| Governmental activities, capital assets, net | <u>\$1,061,248</u> | <u>\$ (33,410)</u> | <u>\$ -</u> | <u>\$1,027,838</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land - sewer system | \$ 15,292 | \$ - | \$ - | \$ 15,292 |
| Construction in progress | 948,402 | 67,474 | 1,015,876 | - |
| Other capital assets: | | | | |
| Gas system | 789,697 | - | - | 789,697 |
| Water system | 1,152,419 | 20,493 | - | 1,172,912 |
| Sewer system | 3,731,320 | 1,015,876 | - | 4,747,196 |
| Machinery and equipment | 92,354 | - | - | 92,354 |
| Totals | <u>6,729,484</u> | <u>1,103,843</u> | <u>1,015,876</u> | <u>6,817,451</u> |
| Less accumulated depreciation: | | | | |
| Gas system | 464,069 | 11,142 | - | 475,211 |
| Water system | 491,906 | 22,186 | - | 514,092 |
| Sewer system | 848,299 | 79,213 | - | 927,512 |
| Machinery and equipment | 70,863 | 9,490 | - | 80,353 |
| Total accumulated depreciation | <u>1,875,137</u> | <u>122,031</u> | <u>-</u> | <u>1,997,168</u> |
| Business-type activities, capital assets, net | <u>\$4,854,347</u> | <u>\$ 981,812</u> | <u>\$2,031,752</u> | <u>\$4,820,283</u> |

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|------------------|
| General government | \$ 33,180 |
| Police | 10,301 |
| Streets | 15,253 |
| Culture and recreation | <u>1,256</u> |
| Total depreciation expense | <u>\$ 59,990</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|----------------------------|-------------------|
| Gas | \$ 20,632 |
| Water | 22,186 |
| Sewer | <u>79,213</u> |
| Total depreciation expense | <u>\$ 122,031</u> |

(10) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at September 30, 2002:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------|----------------------------|-----------------------------|------------------|
| Accounts | \$ 2,262 | \$ 13,747 | \$ 16,009 |
| Other liabilities | <u>932</u> | <u>1,139</u> | <u>2,071</u> |
| Totals | <u>\$ 3,194</u> | <u>\$ 14,886</u> | <u>\$ 18,080</u> |

(11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2002:

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Long-term bonds payable, October 1, 2001 | \$ 960,000 | \$ 721,961 | \$ 1,681,961 |
| Long-term bonds issued | - | - | - |
| Long-term bonds retired | <u>(60,000)</u> | <u>(19,955)</u> | <u>(79,955)</u> |
| Long-term bonds payable, September 30, 2002 | <u>\$ 900,000</u> | <u>\$ 702,006</u> | <u>\$ 1,602,006</u> |

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

Long-term debt payable at September 30, 2002 is comprised of the following individual issues:

General obligation bonds and certificates of indebtedness:

| | |
|--|-------------------|
| \$125,000 Street Improvement bonds dated 1/1/87; due in annual installments of \$5,000 to \$10,000 through January 1, 2011; interest at 7.3 to 7.4 percent; secured by levy and collection of ad valorem taxes | \$ 55,000 |
| \$900,000 Sales Tax Bonds, Series 1996; due in annual installments of \$30,000 to \$75,000 through May 1, 2017; interest at 5.0 to 5.15 percent; secured by a dedicated 1.2% sales tax | 745,000 |
| \$200,000 Certificates of Indebtedness, Series 1996, due in annual installments of \$25,000 through May 1, 2006; interest at 5.5 percent; secured by a dedicated 1.2% sales tax | <u>100,000</u> |
| General obligation bonds payable | <u>\$ 900,000</u> |

Revenue bonds:

| | |
|--|-------------------|
| \$103,000 Utility Revenue Bonds, Series 1998 dated 11/30/98 due in annual installments of \$13,000 to \$16,000 through December 1, 2006; interest at 5.0 percent | \$ 71,000 |
| Less: Unamortized bond issuance costs | (1,557) |
| Unamortized loss on early retirement of debt | <u>(5,040)</u> |
| Net water revenue bonds payable | <u>64,403</u> |
| \$652,000 Sewer revenue bonds dated 07/01/98 due in monthly installments of \$2,960 beginning August 1, 1999 through July 1, 2038; interest rate at 4.5 percent | 631,006 |
| Less: Unamortized bond issuance costs | <u>(26,488)</u> |
| Net sewer revenue bonds payable | <u>604,518</u> |
| Total net utility revenue bonds payable | <u>\$ 668,921</u> |

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

The bonds are due as follows:

| Year ending June 30, | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|-------------------------|--------------------------------|----------------------|---------------------------------|----------------------|
| | Principal payments | Interest payments | Principal payments | Interest payments |
| 2003 | \$ 60,000 | \$ 51,443 | \$ 20,275 | \$ 31,471 |
| 2004 | 65,000 | 48,158 | 20,609 | 30,487 |
| 2005 | 65,000 | 44,668 | 20,958 | 29,488 |
| 2006 | 65,000 | 41,140 | 24,324 | 28,397 |
| 2007 | 45,000 | 37,575 | 24,706 | 27,215 |
| 2008-2012 | 270,000 | 145,550 | 49,911 | 127,694 |
| 2013-2017 | 330,000 | 60,680 | 62,478 | 115,127 |
| 2018-2022 | - | - | 78,210 | 99,395 |
| 2023-2027 | - | - | 97,903 | 79,702 |
| 2028-2032 | - | - | 122,555 | 55,050 |
| 2033-2037 | - | - | 153,414 | 24,191 |
| 2038 | - | - | 26,663 | 512 |
| Total | <u>\$ 900,000</u> | <u>\$ 429,214</u> | <u>\$ 702,006</u> | <u>\$ 648,729</u> |

(12) Flow of Funds; Restrictions on Use - Utilities Revenues

- A. Under the terms of the bond indenture on outstanding Utility Revenue Refunding Bonds, Series 1999, dated November 30, 1999, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Bond Reserve Fund" the initial sum of \$10,000. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal and interest on the bonds payable from the Sinking Fund as to which there would otherwise be default.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

There shall also be set aside into a "Renewal and Replacement Fund" the initial sum of \$25,000. Thereafter, each month, a sum at least equal to 5% of the gross revenues of the Utilities System Fund for the preceding month shall be deposited into this fund, provided that such sum is available after provision is made for the funds required to pay all reasonable expenses of administration, operation and maintenance of the utility system and the funds required by the Sinking Fund and Reserve Fund. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense, provided that there remains at least \$20,000 on deposit for emergency repairs. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

(13) Employee Retirement

All Town of Port Barre employees participate in the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the years ended September 30, 2002, 2001 and 2000 amounted to \$38,876, \$39,465 and \$38,614, respectively.

(14) Natural Gas Contract

The Town entered into a gas purchase contract with Cypress Gas Pipeline Company with an initial term of January 1, 1992 to January 1, 1996 with provisions to continue beyond January 1, 1996 on a year-to-year basis until either party request termination of the contract. The terms of the contract require the Town to purchase all of its natural gas requirements from Cypress Gas Pipeline Company. During the year ended September 30, 2002, the Town purchased natural gas from Cypress Gas Pipeline Company in the amount of \$88,831. At September 30, 2002, the Town owed \$3,446 for natural gas purchases for the month of September 2002.

(17) Lease Agreement

During July 1999, the Town leased a building to Port Barre Apparel. The lease has a five-year term with the option to lease the property for an additional five-year term. Rent in the amount of \$2,500 is due on the first day of each month. During the fiscal year ended September 30, 2000, the lessee filed for bankruptcy, and therefore, discontinued the lease payments in May 2000. During the fiscal year ended September 30, 2001, Hibernia Bank began paying the lease payments until the date of the sheriff's sale, which is to be held in 2003. Total lease payments in the amount of \$30,000 and \$32,500 were received and recorded in the General Fund for the fiscal years ended September 30, 2002 and 2001, respectively.

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

(16) Segment Information for the Enterprise Fund

The Town of Port Barre maintains one enterprise fund with three departments that provide gas, water, and sewerage services. Segment information for the year ended September 30, 2002, was as follows:

| | Gas Department | Water Department | Sewerage Department | Total Enterprise Fund |
|--------------------------|-------------------|---------------------|------------------------|-----------------------------|
| Operating revenues | <u>\$247,170</u> | <u>\$212,004</u> | <u>\$ 211,766</u> | <u>\$ 670,940</u> |
| Operating expenses: | | | | |
| Depreciation | 20,632 | 22,186 | 79,213 | 122,031 |
| Other | <u>176,363</u> | <u>171,397</u> | <u>173,530</u> | <u>521,290</u> |
| Total operating expenses | <u>196,995</u> | <u>193,583</u> | <u>252,743</u> | <u>643,321</u> |
| Operating income (loss) | <u>\$ 50,175</u> | <u>\$ 18,421</u> | <u>\$ (40,977)</u> | <u>\$ 27,619</u> |

(17) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended September 30, 2002 follows:

| | |
|----------------------|-----------------|
| John Fontenot, Mayor | \$12,000 |
| Aldermen: | |
| Donald Leblanc | 3,750 |
| Keith Lejeune | 3,750 |
| Polly Pickney | 3,750 |
| Gil Savoy, Jr. | 3,750 |
| Robert Soileau | <u>3,750</u> |
| | <u>\$30,750</u> |

(18) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(19) Pending Litigation

At September 30, 2002, the Town of Port Barre is involved in several lawsuits. It is the opinion of management and legal counsel that the liability, if any, which might arise from any claims that are not covered by insurance, would not have a material effect on the financial statements.

(20) Prior Year Debt Defeasance

During the fiscal year ended September 30, 1999, the Town issued Utility Revenue Refunding Bonds of \$103,000 to defease the 1986 Utility Revenue Bonds. The proceeds have been used to purchase U.S. Government securities that were placed in a separate irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's Enterprise Fund's balance sheet. As of September 30, 2002, the amount of defeased utility revenue debt outstanding but removed from the Enterprise Fund's balance sheet amounted to \$85,000.

(21) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at September 30, 2002:

| | |
|---|------------------|
| Due to the General Fund from 1966 Sales Tax Fund for reimbursement for expenditures paid | \$ 10,195 |
| Due to the 1996 Sales Tax Fund from the 1966 Sales Tax Fund for reimbursement for expenditures paid | 29,873 |
| Due to the Utility Fund from the General Fund for reimbursement for expenditures paid | 19,443 |
| Other balances | <u>6,560</u> |
| Total | <u>\$ 66,071</u> |

Summary of balances due from other funds reported in fund financial statements:

| | |
|---|------------------|
| Due from other funds, Balance Sheet - Governmental Funds | \$ 47,390 |
| Due from other funds, Statement of Net Assets - Proprietary Funds | <u>18,681</u> |
| Total | <u>\$ 66,071</u> |

TOWN OF PORT BARRE, LOUISIANA

Notes to Financial Statements (Continued)

B. Transfers

Transfers consisted of the following at September 30, 2002:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| Governmental Funds: | | |
| General Fund | \$ 40,000 | \$ 10,195 |
| 1966 Sales Tax Special Revenue Fund | 60,195 | 50,000 |
| 1996 Sales Tax Special Revenue Fund | - | 165,925 |
| 1996 Sales Tax Bonds and Certificates of Indebtedness Debt Service Fund | 107,837 | - |
| Proprietary Fund: | | |
| Enterprise Fund | <u>58,088</u> | <u>40,000</u> |
| Total | <u>\$ 266,120</u> | <u>\$ 266,120</u> |

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(22) Louisiana Community Development Block Grant

Included within the Utility Fund is the activity of the Louisiana Community Development Block Grant Fund (LCDBG). These grant funds were received from the State of Louisiana Division of Administration for a sewer system improvements project. During the fiscal year ended September 30, 2002, the Town received \$59,387 of funds, which were used to complete the project. Current year expenses were incurred in the amount of \$67,475 for engineering fees and construction costs. The excess amount of \$8,088 was transferred from the 1996 Sales Tax Fund. The total cost of the project was \$1,015,876; of which \$981,315 was funded by the grant and \$34,561 from Town contributions.

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF PORT BARRE, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended September 30, 2002
With Comparative Actual Amounts for Year Ended September 30, 2001

| | 2002 | | | Variance with Final Budget | 2001 |
|---|-------------------|-------------------|-------------------|-------------------------------|-------------------|
| | Budget | | Actual | Positive (Negative) | Actual |
| | Original | Final | | | |
| Revenues: | | | | | |
| Taxes | \$ 100,000 | \$ 99,000 | \$ 109,107 | \$10,107 | \$ 117,737 |
| Licenses and permits | 44,380 | 54,685 | 54,535 | (150) | 45,347 |
| Intergovernmental | 58,041 | 64,660 | 73,650 | 8,990 | 65,572 |
| Fines and forfeits | 172,000 | 190,000 | 183,495 | (6,505) | 186,943 |
| Miscellaneous | 46,900 | 63,260 | 63,291 | 31 | 54,228 |
| Total revenues | <u>421,321</u> | <u>471,605</u> | <u>484,078</u> | <u>12,473</u> | <u>469,827</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government | 92,860 | 89,819 | 86,194 | 3,625 | 89,486 |
| Public safety - police | 404,800 | 375,635 | 374,098 | 1,537 | 401,466 |
| Culture and recreation | 6,000 | 7,140 | 3,829 | 3,311 | 9,975 |
| Capital outlay | - | 23,571 | 23,465 | 106 | 9,498 |
| Total expenditures | <u>503,660</u> | <u>496,165</u> | <u>487,586</u> | <u>8,579</u> | <u>510,425</u> |
| Deficiency of revenues over expenditures | (82,339) | (24,560) | (3,508) | 21,052 | (40,598) |
| Other financing sources: | | | | | |
| Operating transfers in | 70,000 | 40,000 | 40,000 | - | 48,536 |
| Operating transfers out | - | (10,195) | (10,195) | - | - |
| Total other financing sources (uses) | <u>70,000</u> | <u>29,805</u> | <u>29,805</u> | <u>-</u> | <u>48,536</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (12,339) | 5,245 | 26,297 | 21,052 | 7,938 |
| Fund balance, beginning | <u>126,250</u> | <u>126,250</u> | <u>126,250</u> | <u>-</u> | <u>118,312</u> |
| Fund balance, ending | <u>\$ 113,911</u> | <u>\$ 131,495</u> | <u>\$ 152,547</u> | <u>\$21,052</u> | <u>\$ 126,250</u> |

TOWN OF PORT BARRE, LOUISIANA
1966 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended September 30, 2002
With Comparative Actual Amounts for Year Ended September 30, 2001

| | 2002 | | | |
|--|-------------------|-------------------|----------------------------|-------------------|
| | Budget | | Variance - | 2001 |
| | Original | Final | Favorable (Unfavorable) | Actual |
| Revenues: | | | | |
| Taxes | <u>\$ 136,000</u> | <u>\$ 150,000</u> | <u>\$ 1,135</u> | <u>\$ 136,391</u> |
| Expenditures: | | | | |
| Current - | | | | |
| General government: | | | | |
| Professional fees | 4,100 | 5,000 | (345) | 3,640 |
| Miscellaneous | <u>1,400</u> | <u>1,500</u> | <u>(784)</u> | <u>1,308</u> |
| Total general government | <u>5,500</u> | <u>6,500</u> | <u>(1,129)</u> | <u>4,948</u> |
| Highways and streets: | | | | |
| Salaries | 91,000 | 82,000 | 5,325 | 80,084 |
| Electricity for street lights | 25,000 | 23,000 | (127) | 25,513 |
| Maintenance and materials | 10,000 | 8,500 | (2,568) | 10,006 |
| Street materials and supplies | 5,000 | 4,500 | 349 | 9,439 |
| Group insurance | 12,000 | 11,200 | 308 | 11,254 |
| Payroll taxes | 8,000 | 6,273 | 259 | 6,287 |
| Miscellaneous | <u>3,600</u> | <u>3,600</u> | <u>1,100</u> | <u>2,550</u> |
| Total highways and streets | <u>154,600</u> | <u>139,073</u> | <u>4,646</u> | <u>145,133</u> |
| Culture and recreation | <u>10,500</u> | <u>4,800</u> | <u>575</u> | <u>10,405</u> |
| Capital outlay | <u>-</u> | <u>-</u> | <u>(3,115)</u> | <u>1,295</u> |
| Total expenditures | <u>170,600</u> | <u>150,373</u> | <u>977</u> | <u>161,781</u> |
| Excess (deficiency) of revenues over expenditures | <u>(34,600)</u> | <u>(373)</u> | <u>1,739</u> | <u>(25,390)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | 95,000 | 60,195 | - | 90,000 |
| Operating transfers out | <u>(60,000)</u> | <u>(50,000)</u> | <u>-</u> | <u>(60,000)</u> |
| Total other financing sources (uses) | <u>35,000</u> | <u>10,195</u> | <u>-</u> | <u>30,000</u> |
| Excess of revenues over expenditures and other uses | 400 | 9,822 | 2,112 | 4,610 |
| Fund balances, beginning | <u>45,360</u> | <u>45,360</u> | <u>-</u> | <u>40,750</u> |
| Fund balances, ending | <u>\$ 45,760</u> | <u>\$ 55,182</u> | <u>\$ 2,112</u> | <u>\$ 45,360</u> |

TOWN OF PORT BARRE, LOUISIANA
1996 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended September 30, 2002
With Comparative Actual Amounts for Year Ended September 30, 2001

| | 2002 | | | |
|---|-------------------|-------------------|-------------------------------|------------------|
| | Budget | | Variance with Final Budget | 2001 |
| | Original | Final | Positive Negative | Actual |
| Revenues: | | | | |
| Taxes | \$ 168,000 | \$ 182,050 | \$ 2,671 | \$167,055 |
| Interest | 3,000 | - | 912 | 2,804 |
| Total revenues | <u>\$ 171,000</u> | <u>\$ 182,050</u> | <u>\$ 3,583</u> | <u>\$169,859</u> |
| Expenditures: | | | | |
| Current - | | | | |
| General government: | | | | |
| Professional fees | 5,150 | 5,000 | (775) | 4,090 |
| Miscellaneous | 1,800 | 2,000 | 153 | 1,671 |
| Total general government | <u>6,950</u> | <u>7,000</u> | <u>(622)</u> | <u>5,761</u> |
| Excess (deficiency) of revenues over expenditures | <u>164,050</u> | <u>175,050</u> | <u>2,961</u> | <u>164,098</u> |
| Other financing uses: | | | | |
| Transfer to 1966 Sales Tax Fund | (95,000) | (50,000) | - | (90,000) |
| Transfer to 1996 Sales Tax Bond Debt Service Fund | (104,149) | (107,837) | - | (105,485) |
| Transfer to Utility Fund | - | (8,088) | - | - |
| Total other financing sources (uses) | <u>(199,149)</u> | <u>(165,925)</u> | <u>-</u> | <u>(195,485)</u> |
| Excess (deficiency) of revenues over expenditures and other uses | <u>(35,099)</u> | <u>9,125</u> | <u>2,961</u> | <u>(31,387)</u> |
| Fund balances, beginning | <u>133,302</u> | <u>133,302</u> | <u>-</u> | <u>164,689</u> |
| Fund balances, ending | <u>\$ 98,203</u> | <u>\$ 142,427</u> | <u>\$ 2,961</u> | <u>\$133,302</u> |

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF PORT BARRE, LOUISIANA
General Fund

Budgetary Compariosn Schedule - Revenues
Year Ended September 30, 2002
With Comparative Actual Amounts for Year Ended September 30, 2001

| | 2002 | | Variance - | 2001 |
|---------------------------------------|-------------------|-------------------|----------------------------|-------------------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| Taxes: | | | | |
| Ad valorem | \$ 35,000 | \$ 36,470 | \$ 1,470 | \$ 26,634 |
| Interest and penalties on taxes | - | 79 | 79 | 1,803 |
| Franchise - | | | | |
| Electric and cable TV | 64,000 | 72,558 | 8,558 | 89,300 |
| Total taxes | <u>99,000</u> | <u>109,107</u> | <u>10,107</u> | <u>117,737</u> |
| Licenses and permits: | | | | |
| Occupational licenses | 48,500 | 48,395 | (105) | 42,172 |
| Liquor licenses | 6,150 | 6,105 | (45) | 3,105 |
| Building permits | 35 | 35 | - | 70 |
| Total licenses and permits | <u>54,685</u> | <u>54,535</u> | <u>(150)</u> | <u>45,347</u> |
| Intergovernmental: | | | | |
| United States Department of Justice - | | | | |
| COPS Fast grant | 30,080 | 30,080 | - | 30,476 |
| State of Louisiana - | | | | |
| Beer taxes | 9,000 | 8,594 | (406) | 9,463 |
| Video poker | 18,700 | 22,419 | 3,719 | 20,010 |
| State grants | 5,113 | 10,790 | 5,677 | 4,000 |
| St. Landry Parish Housing Authority | 1,767 | 1,767 | - | 1,623 |
| Total intergovernmental | <u>64,660</u> | <u>73,650</u> | <u>8,990</u> | <u>65,572</u> |
| Fines and forfeits | <u>190,000</u> | <u>183,495</u> | <u>(6,505)</u> | <u>186,943</u> |
| Miscellaneous: | | | | |
| Donations | - | - | - | 880 |
| Rent | 41,220 | 41,220 | - | 43,720 |
| Parks and recreation | 6,000 | 5,655 | (345) | 6,523 |
| Sale of equipment | 870 | 870 | - | 1,479 |
| Unemployment tax rebate | 14,670 | 14,670 | - | - |
| Other | 500 | 876 | 376 | 1,626 |
| Total miscellaneous | <u>63,260</u> | <u>63,291</u> | <u>31</u> | <u>54,228</u> |
| Total revenues | <u>\$ 471,605</u> | <u>\$ 484,078</u> | <u>\$12,473</u> | <u>\$ 469,827</u> |

TOWN OF PORT BARRE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended September 30, 2002
With Comparative Actual Amounts for Year Ended September 30, 2001

| | 2002 | | Variance - | 2001 |
|------------------------------|----------|----------|----------------------------|---------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| Current: | | | | |
| General government - | | | | |
| Advertising | \$ 1,500 | \$ 1,164 | \$ 336 | \$ 739 |
| Dues and subscriptions | 2,000 | 1,223 | 777 | 1,371 |
| Insurance | 2,115 | 2,117 | (2) | 1,672 |
| Legal fees | 1,200 | 1,200 | - | 1,200 |
| Mayor's allowance | 6,000 | 6,000 | - | 6,000 |
| Medical and drug testing | - | 705 | (705) | 192 |
| Miscellaneous | 3,000 | 1,863 | 1,137 | 237 |
| Office supplies | 400 | 321 | 79 | - |
| Payroll taxes | 2,352 | 2,352 | - | 2,352 |
| Professional fees | 18,800 | 16,945 | 1,855 | 19,899 |
| Salaries - mayor and council | 30,750 | 30,750 | - | 30,750 |
| Salaries - other | 7,122 | 7,521 | (399) | 7,121 |
| Travel and meetings | 5,500 | 5,324 | 176 | 6,185 |
| Preparation of tax roll | 2,730 | 2,729 | 1 | 2,434 |
| Repairs and maintenance | 950 | - | 950 | 5,609 |
| Coroner's fees | 400 | 300 | 100 | 725 |
| Contract labor | 500 | - | 500 | - |
| Electricity | 4,500 | 5,680 | (1,180) | 3,000 |
| Total general government | 89,819 | 86,194 | 3,625 | 89,486 |
| Public safety - police - | | | | |
| Feeding prisoners | 1,850 | 1,752 | 98 | 410 |
| Insurance | 10,575 | 10,583 | (8) | 8,865 |
| Insurance deductible | - | - | - | 5,000 |
| Group insurance | 34,500 | 34,465 | 35 | 37,522 |
| Miscellaneous | 3,700 | 4,095 | (395) | 4,934 |
| Police car expense | 33,400 | 33,178 | 222 | 37,374 |
| Salaries | 242,280 | 245,751 | (3,471) | 250,460 |
| Payroll taxes | 23,600 | 22,594 | 1,006 | 22,285 |
| Supplies | 10,000 | 8,284 | 1,716 | 9,848 |
| Repairs and maintenance | 3,500 | 1,807 | 1,693 | 11,970 |
| Uniforms | 1,900 | 1,543 | 357 | 774 |
| Training academy | - | - | - | 2,150 |
| Travel | 1,630 | 1,532 | 98 | 965 |
| Telephone | 5,200 | 5,538 | (338) | 5,652 |
| Electricity | 2,500 | 2,569 | (69) | 2,913 |
| Medical and drug testing | 1,000 | 407 | 593 | 344 |
| Total public safety | 375,635 | 374,098 | 1,537 | 401,466 |

(continued)

TOWN OF PORT BARRE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended September 30, 2002
With Comparative Actual Amounts for Year Ended September 30, 2001

| | 2002 | | | 2001 |
|------------------------------|-------------------|-------------------|--|-------------------|
| | Budget | Actual | Variance - Favorable (Unfavorable) | Actual |
| Culture and recreation - | | | | |
| Park expenses | 5,500 | 2,250 | 3,250 | 8,179 |
| Electricity for parks | 1,640 | 1,579 | 61 | 1,796 |
| Total culture and recreation | <u>7,140</u> | <u>3,829</u> | <u>3,311</u> | <u>9,975</u> |
| Capital outlay: | | | | |
| General government - | | | | |
| Equipment | - | - | - | 9,498 |
| Public safety - | | | | |
| Automobiles | 13,666 | 13,560 | 106 | - |
| Equipment | 9,905 | 9,905 | - | - |
| Culture and recreation - | | | | |
| Improvements | - | - | - | - |
| Total capital outlay | <u>23,571</u> | <u>23,465</u> | <u>106</u> | <u>9,498</u> |
| Total expenditures | <u>\$ 496,165</u> | <u>\$ 487,586</u> | <u>\$ 8,579</u> | <u>\$ 510,425</u> |

TOWN OF PORT BARRE, LOUISIANA
1996 Sales Tax Bonds and Certificates of Indebtedness Debt Service Fund

Budgetary Comparison Schedule
Year Ended September 30, 2002
With Actual Amounts for Year Ended September 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>2001 Actual</u> |
|--|-------------------|------------------|---|------------------------|
| Revenues: | | | | |
| Miscellaneous - | | | | |
| Interest on deposits | <u>1,105</u> | <u>1,100</u> | <u>(5)</u> | <u>1,896</u> |
| Total revenues | <u>1,105</u> | <u>1,100</u> | <u>(5)</u> | <u>1,896</u> |
| Expenditures: | | | | |
| Debt service - | | | | |
| Principal retirement | 55,000 | 55,000 | - | 50,000 |
| Interest | 50,475 | 50,475 | - | 54,275 |
| Paying agents' fees | <u>1,500</u> | <u>1,466</u> | <u>34</u> | <u>1,388</u> |
| Total debt service | <u>106,975</u> | <u>106,941</u> | <u>34</u> | <u>105,663</u> |
| Deficiency of revenues over expenditures | (105,870) | (105,841) | 29 | (103,767) |
| Other financing source: | | | | |
| Transfers from 1996 Sales Tax Fund | <u>107,837</u> | <u>107,837</u> | <u>-</u> | <u>105,485</u> |
| Excess of revenues and other source over expenditures | 1,967 | 1,996 | 29 | 1,718 |
| Fund balance, beginning | <u>132,844</u> | <u>132,844</u> | <u>-</u> | <u>131,126</u> |
| Fund balance, ending | <u>\$ 134,811</u> | <u>\$134,840</u> | <u>\$ 29</u> | <u>\$132,844</u> |

TOWN OF PORT BARRE, LOUISIANA
Street Improvement Bond 01/01/87 Debt Service Fund

Budgetary Comparison Schedule
Year Ended September 30, 2002
With Actual Amounts for Year Ended September 30, 2001

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>2001 Actual</u> |
|---|------------------|------------------|---|------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 24,500 | \$ 25,502 | \$ 1,002 | \$ 18,488 |
| Interest and penalties on taxes | <u>1,000</u> | <u>57</u> | <u>(943)</u> | <u>1,306</u> |
| Total taxes | 25,500 | 25,559 | 59 | 19,794 |
| Miscellaneous - | | | | |
| Interest on deposits | <u>30</u> | <u>31</u> | <u>1</u> | <u>60</u> |
| Total revenues | <u>25,530</u> | <u>25,590</u> | <u>60</u> | <u>19,854</u> |
| Expenditures: | | | | |
| Current - | | | | |
| General government: | | | | |
| Office expense | <u>5,000</u> | <u>-</u> | <u>5,000</u> | <u>-</u> |
| Debt service - | | | | |
| Principal retirement | 5,000 | 5,000 | - | 5,000 |
| Interest | 4,055 | 4,235 | (180) | 4,595 |
| Paying agents' fees | <u>1,000</u> | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Total debt service | <u>10,055</u> | <u>10,235</u> | <u>(180)</u> | <u>10,595</u> |
| Total expenditures | <u>15,055</u> | <u>10,235</u> | <u>4,820</u> | <u>10,595</u> |
| Excess of revenues over expenditures | 10,475 | 15,355 | 4,880 | 9,259 |
| Fund balances, beginning | <u>69,071</u> | <u>69,071</u> | <u>-</u> | <u>59,812</u> |
| Fund balances, ending | <u>\$ 79,546</u> | <u>\$ 84,426</u> | <u>\$ 4,880</u> | <u>\$ 69,071</u> |

TOWN OF PORT BARRE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
September 30, 2002

Records maintained by the Town indicated the following number of customers were being served during the month of September, 2002 and 2001:

| <u>Department</u> | <u>2002</u> | <u>2001</u> |
|-------------------|-------------|-------------|
| Gas (metered) | 617 | 643 |
| Water (metered) | 1148 | 1158 |
| Sewerage | 763 | 743 |

TOWN OF PORT BARRE, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
September 30, 2002

| <u>Description of Coverage</u> | <u>Coverage Amounts</u> |
|--|-------------------------|
| Workmen's Compensation - Employer's liability | \$ 100,000 |
| Surety Bonds - | |
| Town clerk | 25,000 |
| Assistant town clerk | 10,000 |
| Town Treasurer | 5,000 |
| Blanket bond | 5,000 |
| General liability - | |
| Each occurrence | 500,000 |
| Aggregate | 2,000,000 |
| Property coverage - | |
| Fire and light, extended coverage, vandalism and malicious mischief | 415,700 |
| Equipment breakdown coverage | 675,700 |
| Public official errors and omissions | |
| Each wrongful act | 500,000 |
| Aggregate | 1,000,000 |
| Police professional liability - | |
| Each occurrence | 2,000,000 |
| Aggregate | 2,000,000 |
| Automobile liability coverage | 500,000 |

TOWN OF PORT BARRE, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds
September 30, 2002

| | <u>Financial Institution</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Amount</u> |
|---|----------------------------------|--------------------------|--------------------------|------------------|
| General Fund: | | | | |
| Certificate of deposit | (A) | 10/24/02 | 1.10% | <u>40,515</u> |
| Sales Tax Fund: | | | | |
| 1996 Sales Tax Fund | (A) | 10/24/02 | 1.10% | <u>107,250</u> |
| Debt Service Funds: | | | | |
| Street Improvement Bonds Fund - savings account | (A) | N/A | 1.50% | 1,916 |
| 1996 Sales Tax Bonds Fund - savings account | (A) | N/A | 1.20% | <u>86,063</u> |
| Total debt service funds | | | | <u>87,979</u> |
| Utility Fund: | | | | |
| Unrestricted assets - | | | | |
| Certificate of deposit | (A) | 10/24/02 | 1.10% | 20,141 |
| Certificate of deposit | (A) | 11/24/02 | 1.35% | 53,632 |
| Certificate of deposit | (A) | 12/24/02 | 2.85% | 110,457 |
| Restricted assets - | | | | |
| Certificate of deposit | (S) | 1/16/03 | 2.50% | 21,511 |
| Savings accounts | (A) | N/A | Variable | <u>15,572</u> |
| Total Utility Fund | | | | <u>221,313</u> |
| Total - all funds | | | | <u>\$457,057</u> |

Investments with:

- (A) American Bank and Trust, Opelousas, Louisiana
- (S) St. Landry Homestead, Opelousas, Louisiana

TOWN OF PORT BARRE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended September 30, 2002 and 2001

| | Totals | | Gas | |
|--|---------------------|---------------------|------------------|--------------------|
| | 2002 | 2001 | 2002 | 2001 |
| Operating revenues: | | | | |
| Charges for services - | | | | |
| User charges | \$ 649,668 | \$ 705,904 | \$ 241,090 | \$ 292,846 |
| Connection charges | 5,250 | 3,640 | 150 | 450 |
| Miscellaneous | 16,022 | 17,725 | 5,930 | 5,198 |
| Total operating revenues | <u>670,940</u> | <u>727,269</u> | <u>247,170</u> | <u>298,494</u> |
| Operating expenses: | | | | |
| Professional fees | 11,790 | 12,100 | - | - |
| Engineering fees | 7,387 | 6,138 | 1,200 | 1,200 |
| Depreciation | 122,031 | 120,861 | 20,632 | 21,203 |
| Electricity | 63,092 | 82,794 | - | - |
| Natural gas purchased | 88,831 | 238,246 | 88,831 | 238,246 |
| Insurance | 63,808 | 49,103 | 13,405 | 11,381 |
| Group insurance | 13,405 | 16,710 | 3,351 | 4,982 |
| Office supplies and expense | 13,869 | 15,580 | - | - |
| Operative maintenance and supplies | 56,685 | 73,625 | 12,638 | 7,342 |
| Payroll taxes | 7,892 | 8,564 | 2,124 | 2,773 |
| Salaries | 100,533 | 110,852 | 26,553 | 32,739 |
| Contract labor | 15,600 | 18,016 | - | - |
| Truck expenses | 4,687 | 6,537 | - | - |
| Water and sewer chemicals | 49,744 | 34,518 | - | - |
| Travel and meetings | - | 323 | - | - |
| Telephone | 6,165 | 6,920 | 2,511 | 2,670 |
| Bad debts expense (recoveries) | (3,440) | 16,414 | (1,280) | 5,873 |
| Uniforms | 1,329 | 2,696 | - | - |
| Miscellaneous | 19,913 | 15,196 | 9,792 | 5,013 |
| Allocation of general and administrative expense | - | - | 17,238 | 17,830 |
| Total operating expenses | <u>643,321</u> | <u>835,193</u> | <u>196,995</u> | <u>351,252</u> |
| Operating income (loss) | <u>27,619</u> | <u>(107,924)</u> | <u>\$ 50,175</u> | <u>\$ (52,758)</u> |
| Nonoperating revenues (expenses): | | | | |
| Gain on disposal of asset | - | 700 | | |
| Interest income | 3,897 | 8,196 | | |
| Interest and fiscal charges | (33,012) | (34,045) | | |
| Total nonoperating revenues (expenses) | <u>(29,115)</u> | <u>(25,149)</u> | | |
| Loss before contributions and transfers | <u>(1,496)</u> | <u>(133,073)</u> | | |
| Capital contributions | <u>78,137</u> | <u>216,665</u> | | |
| Transfers in (out): | | | | |
| Transfers in | 58,088 | 62,250 | | |
| Transfers out | (40,000) | (50,786) | | |
| Total transfers in (out) | <u>18,088</u> | <u>11,464</u> | | |
| Change in net assets | <u>94,729</u> | <u>95,056</u> | | |
| Net assets, beginning | <u>4,574,608</u> | <u>4,479,552</u> | | |
| Net assets, ending | <u>\$ 4,669,337</u> | <u>\$ 4,574,608</u> | | |

| Water | | Sewerage | | General and Administrative | |
|------------------|-----------------|--------------------|--------------------|-------------------------------|-----------------|
| 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| \$ 202,090 | \$ 200,724 | \$ 206,488 | \$ 212,334 | \$ - | \$ - |
| 4,950 | 2,290 | 150 | 900 | - | - |
| 4,964 | 5,700 | 5,128 | 6,827 | - | - |
| <u>212,004</u> | <u>208,714</u> | <u>211,766</u> | <u>220,061</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | 11,790 | 12,100 |
| - | 4,938 | 6,187 | - | - | - |
| 22,186 | 20,445 | 79,213 | 79,213 | - | - |
| 17,205 | 24,724 | 41,839 | 50,530 | 4,048 | 7,540 |
| - | - | - | - | - | - |
| 21,166 | 17,603 | 16,227 | 13,787 | 13,010 | 6,332 |
| 6,032 | 6,745 | 4,022 | 4,983 | - | - |
| - | - | - | - | 13,869 | 15,580 |
| 15,412 | 21,817 | 25,281 | 40,696 | 3,354 | 3,770 |
| 3,461 | 3,236 | 2,307 | 2,555 | - | - |
| 44,388 | 45,374 | 29,592 | 32,739 | - | - |
| - | - | 15,600 | 18,016 | - | - |
| - | - | - | - | 4,687 | 6,537 |
| 39,993 | 31,525 | 9,751 | 2,993 | - | - |
| - | - | - | - | - | 323 |
| 1,833 | 2,132 | 1,821 | 2,118 | - | - |
| (1,076) | 5,232 | (1,084) | 5,309 | - | - |
| - | - | - | - | 1,329 | 2,696 |
| - | - | 4,749 | 5,627 | 5,372 | 4,556 |
| <u>22,983</u> | <u>23,774</u> | <u>17,238</u> | <u>17,830</u> | <u>(57,459)</u> | <u>(59,434)</u> |
| <u>193,583</u> | <u>207,545</u> | <u>252,743</u> | <u>276,396</u> | <u>-</u> | <u>-</u> |
| <u>\$ 18,421</u> | <u>\$ 1,169</u> | <u>\$ (40,977)</u> | <u>\$ (56,335)</u> | <u>\$ -</u> | <u>\$ -</u> |

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable John Fontenot, Mayor
and Members of the Board of Aldermen
Town of Port Barre, Louisiana

We have audited the basic financial statements of the Town of Port Barre, Louisiana (the Town) as of and for the year ended September 30, 2002, and have issued our report thereon dated January 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 02-1(IC).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated January 9, 2003.

This report is intended for the information of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
January 9, 2003

TOWN OF PORT BARRE

**Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
September 30, 2002**

| Fiscal Year Finding | | Description of Finding | Corrective Action Taken | Corrective Action Planned | Name of Contact Person | Anticipated Completion Date |
|----------------------------|--------------------|--|-------------------------|---|---------------------------|-----------------------------|
| Ref. No. | Initially Occurred | | | | | |
| CURRENT YEAR (09/30/02) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 02-1(IC) | Unknown | Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system. | N/A | Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. | Toria Comeaux, Town Clerk | N/A |
| <u>Management Letter:</u> | | | | | | |
| 02-2(ML) | 2000 | During the fiscal year ended September 30, 2002, the Utility Fund Sewerage Department experienced an operating loss of \$40,977. The Town should consider increasing sewerage rates and/or decreasing expenses in order for the department to operate on a profitable basis. | Partial | Town officials will review current sewerage rates to determine whether a rate increase is required and will closely scrutinize department expenses to determine where reductions can be made. These procedures should enable the sewerage department to operate on a profitable basis in the future. | Toria Comeaux, Town Clerk | N/A |
| PRIOR YEAR (09/30/01) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 01-1(IC) | Unknown | Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system. | N/A | Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. | Toria Comeaux, Town Clerk | N/A |
| <u>Management Letter:</u> | | | | | | |
| 01-2(ML) | 2000 | During the fiscal year ended September 30, 2001, the Utility Fund experienced a loss before operating transfers of \$133,073. The Town should consider increasing utility rates and/or decreasing expenses in order for the Utility Fund to operate on a profitable basis. | Partial | Effective March 1, 2001, the Town has implemented a gas rate fuel adjustment surcharge to increase the gas utility rates. Additionally, Town officials and personnel will scrutinize all department expenses to determine where reductions can be made and will further increase rates if required. These procedures should enable the fund to operate on a profitable basis in the future. | Toria Comeaux, Town Clerk | N/A |

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MANAGEMENT LETTER

The Honorable John Fontenot, Mayor
and Members of the Board of Aldermen
Town of Port Barre, Louisiana

During our audit of the basic financial statements of the Town of Port Barre for the year ended September 30, 2002, we noted an area in which improvements in the accounting system and financial practices of the Town may be desirable. Therefore, the following recommendation is submitted for your consideration:

The Utility Fund sewerage department experienced an operating loss before operating transfers of \$40,977. The Town should consider increasing sewerage rates and /or decreasing expenses in order for the department to operate on a profitable basis.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing any of our recommendations, please feel free to contact us.

Kolder, Champagne, Slaven & Company, LLC

Certified Public Accountants

Lafayette, Louisiana
January 9, 2003

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